

KOBAY TECHNOLOGY BHD.

General Announcement – Others

Subject : Proposed Acquisition of additional equity interest in Kobay UA Sdn Bhd

1. INTRODUCTION

The Board of Directors of Kobay Technology Bhd (“Kobay”) wishes to announce that on 2 April 2021, Kobay had acquired the remaining 50% of equity interest in Kobay UA Sdn. Bhd. (“Kobay UA” or “the Company”) from Mr. Koay Wei Keong (“the Vendor”) consisting of 750,000 ordinary shares for a cash consideration of RM750,000-00 (hereinafter referred to as “Proposed Acquisition”). Upon the completion of the Proposed Acquisition, Kobay UA will become a 100% wholly-owned subsidiary of Kobay.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Background Information on the Proposed Acquisition

Information on Kobay UA

Kobay UA was incorporated in Malaysia on 21 December 2018. Its current issued and paid up capital is RM1,500,000-00 comprising of 1,500,000 ordinary shares for which Kobay owned 50% equity interest in the Company and the other 50% owned by the Vendor. To-date, the Company has yet to commence in business.

Information on the Vendor

Mr. Koay Wei Keong (NRIC No. 851026-07-5007) is holding 50% of equity interest in Kobay UA prior to the Proposed Acquisition. He is the son of Dato’ Seri Koay Hean Eng, nephew of Mr. Koay Cheng Lye and Mr. Koay Ah Bah @ Koay Cheng Hock.

2.2. Rationale and Benefits of the Proposed Acquisition

Mr. Koay Wei Keong has no longer interested to participate in the company since it has been dormant from the date of the incorporation and has offered to dispose his shares in entirety whereas Kobay is interested to take over the Company for its future project without having to incur cost to wind up the Company or incorporate a new company.

The parties have come into an agreement that Kobay will acquire Mr. Koay Wei Keong’s interest at his initial investment cost subscribed during the incorporation that is RM750,000-00 and the Vendor consented to sell its equity interest in the Company to Kobay.

2.3 Basis and Justification of Determining the Purchase Consideration

The Purchase Consideration of RM750,000-00 is based on willing buyer and willing seller basis after taking into consideration of Kobay UA’s net tangible assets value of RM1,482,887-00 recorded as at 28 February 2021.

The Proposed Acquisition is entered into at an arm’s length basis and not to the detriment of the minority shareholders of Kobay.

2.4 Salient Terms of the Proposed Acquisition

The purchase consideration of RM750,000-00 for the Proposed Acquisition has been agreed by the parties and shall be fully settled upon vendor delivered the following documents to Kobay :-

- 1) the original share certificates and duly executed Section 105 form for the share transfer;
- 2) duly signed Directors' resolution for the said share transfer; and
- 3) resignation letter of its nominated Director/(s).

2.5 Source of Funding

The Purchase Consideration will be satisfied entirely by Kobay's internally generated fund.

3. RISK FACTORS AND PROSPECTS

The Company has not commenced its operation hence there is no risk encumbrance with the Proposed Acquisition in relates to the operation.

The shares acquired are free from all liens, charges, pledges, mortgages and any encumbrances whatsoever and with all rights and advantages attaching thereto or accruing thereon including all dividends and distributions declared, paid or made in respect thereof.

There are no liabilities including contingent liabilities and guarantees to be assumed by Kobay from the Proposed Acquisition. The Board does not envisage any specific risk associated with the Proposed Acquisition.

4. EFFECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is not expected to have any material financial impact on the earnings, net assets, gearing and the share capital and substantial shareholding of Kobay Group in the current financial year ending.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM IN THE PROPOSED ACQUISITION

Save for the relationship of the Vendor with the Directors of Kobay, namely Dato' Seri Koay Hean Eng, Mr. Koay Cheng Lye and Mr. Koay Ah Bah @ Koay Cheng Hock as disclosed, none of the Directors and/or substantial shareholders of Kobay or any person connected with them has any interest, direct or indirect, in the Proposed Acquisition.

6. STATEMENT BY THE BOARD OF DIRECTORS AND THE AUDIT COMMITTEE

The Board of Directors (*which Dato' Seri Koay Hean Eng, Mr. Koay Cheng Lye and Mr. Koay Ah Bah @ Koay Cheng Hock were abstained from voting as person connected to the Related Parties*) are of the opinion that the Proposed Acquisition is in the best interest of the Company and it is fair and reasonable and is not detrimental to the Company and its Shareholders.

In addition to that, the Audit Committee, having considered all aspects of the Proposed Acquisition, including the rationale, is of the opinion that they are :-

- a) in the best interest of Kobay and its Group;
- b) fair, reasonable and normal commercial terms; and
- c) not detrimental to the interest of the Company's minority shareholders.

7. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Chapter 10 of the Main Market Listing Requirements of Bursa Securities is 0.66%.

8. ESTIMATED TIMEFRAME FOR COMPLETION

The Proposed Acquisition is expected to be completed in April 2021.

9. APPROVALS SOUGHT

The Proposed Acquisition is not subject to the approval of Kobay's shareholders or any regulatory authorities nor require to appoint any independent advisor.

10. TOTAL AMOUNT TRANSACTED BY THE RELATED PARTIES

Save and except for the Proposed Acquisition as described herein, there is no other transaction entered into between the Related Parties within Kobay for the preceding 12 months.

11. DOCUMENTS AVAILABLE FOR INSPECTIONS

The relevant documents will be made available for inspection at the registered office of Kobay at 3rd Floor, Wisma Kobay, No. 42-B Jalan Rangoon, 10400 Georgetown, Penang during the business hour from Monday to Friday (except public holidays) for a period of three (3) months from the date of this Announcement.

This announcement is dated 2 April 2021.